

In June 2005, the Department of Labor and Industries committed to a comprehensive effort to improve service to small business. This report outlines L&I's response to issues raised by business leaders last year and looks at additional work planned for 2006 and beyond.

Issue

L&I should be a leader in workplace-related public policy

"L&I has an obligation to develop and advance good workplace-related public policy. We prefer to have support from both labor and business, but we will not back away from good public policy decisions if we don't have agreement from both sides." —L&I Director Gary Weeks

→ What we've done

- Supported 11 bills passed by the 2006 Legislature. Five were sponsored by L&I and six were sponsored by other organizations.
- Worked with business and labor to pass key legislation:
 - Giving L&I authority to use penalties to enforce wage and hour laws
 - Setting the requirements for inspector access to private property
 - Launching a pilot program to allow employers, as well as doctors, to file workers' compensation claims
 - Restoring full funding for the Prevailing Wage Program

→ What's next?

- Work with business and labor to develop bills for the 2007 legislative session that improve the workers' compensation system for businesses and workers.

Issue

Enforce safety and health rules more consistently

→ What we've done

- Reorganized safety and health staff (DOSH*) and put them under direct supervision of central office-based managers – one each for compliance and consultation. This helps DOSH maintain a more uniform and predictable enforcement policy and hold staff directly accountable for consistency.
- Moved appeals of all safety and health citations to the central office appeals manager (rather than in the regional offices) to emphasize consistency.

* In April, L&I renamed WISHA to the Division of Occupational Safety and Health (DOSH) to better reflect that division's mission under its new organization.

- Stressed “going back to basics.” All DOSH compliance staff will receive review training by June 25 on safety and health enforcement procedures and policies. Consultation staff will be trained by early fall 2006. This training reinforces our operational policies.

→ What’s next?

- L&I is seeking partnerships with industries to provide industry-specific technical training for safety and health field staff. This training will enhance the quality and effectiveness of inspections.

Issue

Provide more help to businesses trying to improve workplace safety and health, and give credit to those who do

→ What we’ve done

- Launched safety alliances with Washington chapters of Associated Builders and Contractors (ABC) and Associated General Contractors (AGC) for Focused Inspections programs. Members who are recognized by these ABC/AGC safety programs will have inspections that minimize paperwork review and emphasize the significant hazards recognized for the construction industry.
- Launched safety alliances with the National Federation of Independent Business (NFIB) and the Washington Farm Bureau. Workplaces recognized by these safety programs are given lower priority for regular safety and health inspections for 12 months (L&I still responds to workplace fatalities, catastrophic accidents or complaints).

→ What’s next?

- Increase consultation visits to smaller employers (25 employees or fewer) vs. larger employers. Currently, 52 percent of consultations are conducted with larger employers vs. 48 percent smaller employers. Goal is to reverse that ratio in 2006.
- Create a small-business safety recognition program focused on employers with 25 or fewer employees. Goal: 15 sites by 2009.

Issue

Stop fraud and abuse

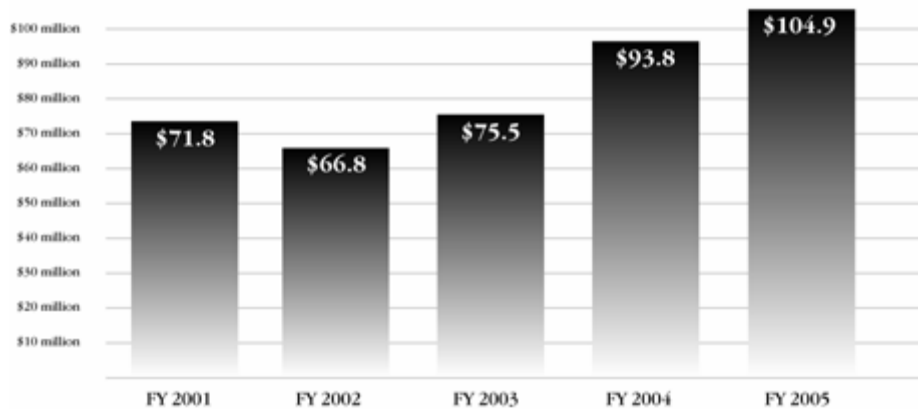
→ What we’ve done

- Increased fraud detection and prevention staff during the past two years and provided new technology tools, leading to collection of a significantly greater amount of delinquent premiums.
- Targeted and gone after the underground economy:
 - Hired three new contractor compliance inspectors who work nights and weekends. Results after six weeks: Workers’ compensation audit referrals worth \$360,000 and 20 unregistered contractors identified.

- Hired three new electrical inspectors who focus on unlicensed electricians and jobs with no permit. Results for January-April 2006:
 --531 citations (plus 530 possible related citations that were not assessed because the company or individual came into compliance)
 --102 formal warnings
 --34 referrals for lack of workers' compensation
 --23 referrals for lack of contractor registration

Fraud Prevention and Compliance Program

Total Collections July 1, 2001 through June 30, 2005*



*Includes collections of delinquent premiums, penalties and interest from employers, civil assessments for fraud, assessments for criminal fraud, and the recovery of improper payments to providers and injured workers.

→ What's next?

- Increase the number of workers' compensation fraud cases brought to criminal prosecution. An attorney will be hired by the Office of the Attorney General in 2006 to focus on this effort.
- Increase audits of workers' compensation accounts, and use technology to improve targeting of audits so we increasingly focus on employers that have reporting problems, not on those who don't.
- Increase construction contractor training in trouble areas (such as independent contractor hiring and prime contractor liability) to help contractors understand their workers' compensation responsibilities.

Issue

Take a customer service approach to small business

→ What we've done

- Created the Small Business Liaison position in November 2005:
 - Direct contact with 250 small-business owners/managers to date
 - 115 inquiries handled by small-business liaison to date
 - Direct cost-savings to employers served -- \$9,780

- Presented 32 small-business roundtables or speeches to small-business groups throughout the state (Small Business Liaison and other L&I staff). Popular topics:
 - Fraud
 - Saving money on workers' compensation
 - Avoiding safety and health violations
 - Claim & Account Center

- Created *L&I News for Small Business* e-newsletter and articles tailored to specific trade newsletters or web sites. Published 30 stories in six months, including:
 - Heat stress rule
 - Workers' compensation rates, customized by industry
 - Safety and health alliances with business organizations
 - Tips for saving money and working more easily with L&I

- Increased sensitivity to small business inside L&I:
 - Reports from Small Business Liaison informing managers about "What we're hearing" from small business and identifying problem areas.
 - Small Business Liaison working with fraud staff to ensure that subcontractors have reasonable time to resolve delinquent workers' compensation premiums before general contractors are notified.
 - Small Business Liaison helped launch L&I involvement in legislation that resolved business problems for well installers.
 - Small Business Liaison provided input and communications assistance on development of the heat stress emergency rule.

- Trained L&I staff on impacts we have on small business:
 - DOSH invited small-business representatives for a panel discussion attended by all safety and health consultants and compliance officers.
 - Electrical, contractor compliance, elevator and factory-assembled structures inspectors received training on customer service and small-business impacts.
 - Industrial relations agents (wage and hour) received training on new penalty authority, working with employers to achieve compliance without penalties, and small-business impacts.
 - Small Business Liaison delivered a "What we're hearing" presentation to staff, with stories about how we affect small businesses, and ideas for being more sensitive to small-business needs. Delivered to 1,575 staff to date. Remaining staff will hear the message by the end of 2006 through visits to local offices accompanied by the director and deputy director for field services.

- Improved information and materials:
 - Published materials that clarify the true business costs of injuries and illnesses.
 - Published industry-specific "Injury Fact Sheets" to help businesses identify typical causes of workplace injuries and ways to prevent the injuries. They can be found at: www.LNI.wa.gov/Safety/Topics/AtoZ/InjuryFS.

→ What's next?

- Launch redesigned safety and health and risk management workshops on July 1, 2006. Includes scheduling coordination with business groups to reach larger audiences.
- Give small businesses simple-to-use checklist-type tools to help them more easily understand and comply with safety and health requirements. Versions for construction, agriculture and small business will be available this summer.
- Create a clear and brief "what to do" checklist for new employers. Available September 2006.
- Create easy-to-understand contractor registration instructions in illustrated checklist format. Available early 2007.
- Streamline existing checklists, guidelines, and sample materials to make it easier for small-business owners to understand what's required of them and how to comply. First versions available June 2006.
- Review safety and health rulemaking process to ensure appropriate stakeholder involvement.
- Increase promotion of the small-business liaison service

Issue

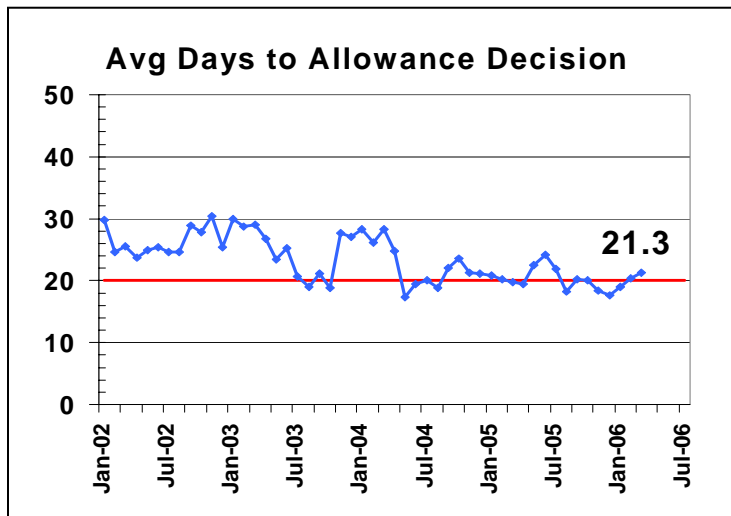
Make claim management more fair and timely

→ What we've done

- Reduce the time it takes to make decisions on claims. (See chart on Page 6.)
- Reassign claims less frequently. If a claim manager needs help with a complex claim, a more experienced claim manager will provide assistance whenever possible rather than reassign the claim to higher-level staff.
- Provide loss-control information to employers. Employers can request loss-runs from their account manager, regional consultants or Retro staff. We don't plan to send reports automatically to every account because most small businesses have no claims and, thus, nothing to report on a loss run. A by-request electronic loss-run report is under development.
- Reporting an accident is easier and faster. Employer report-of-accident forms submitted online have jumped from 20 percent in January 2006 to 50 percent in May 2006.
- More claim information available faster and easier:
 - Reduced wait time for calls to Claims Administration from an average of 4.5 minutes down to 22 seconds.
 - Reduced average number of callers who abandoned the wait from 3,977 per week to about 600 per week.
- Trained all high-level claim managers to understand how claims impact employer costs.
- Doubled the number of external users taking advantage of the online Claim and Account Center. We have 9,459 users, and the number of companies served multiplies to 27,623 because many users are third-party administrators who use the system to serve several clients.

- Launched new Claim and Account Center services in the past 12 months:
 - Online access to imaged documents in claim files allows employers to view medical reports and other documentation.
 - Information that now can be submitted online:
 - Employer Report of Accident
 - Update Medical Ability to Work
 - Update Wage (for employers)
 - Protest a claim decision
 - Occupational Disease Work History (for workers)

Decisions on Claims



An "allowance decision" is L&I's decision whether or not to accept a claim.

- 10,000 - 12,000 State Fund claims are allowed or rejected each month.
- Industry average is between 14 and 30 days of insurer notification.
- 79.2% of allowance decisions are made within 14 days of claim receipt for 79.2 percent of claims. About 15 percent are delayed while additional information is gathered.

→ What's next?

- Allow employers in a pilot program to file initial workers' compensation claims. Legislation approved in 2006 will allow us to test employer filing of initial claim reports (current law allows only doctors to file initial reports).
- Develop materials and procedures that help small businesses prevent claims, and provide the information they need when faced with a claim.
- Develop enhancements to the workers' compensation computer system to provide critical information for claim managers and account managers when a new claim is filed – information such as employer size, and whether a claim-free discount will be affected by the claim. This will help claim managers more effectively assist small employers.

Issue

Make prevailing wages more accurate

→ What we've done

- Hired staff economist in May 2006 to help generate more frequent and accurate prevailing wage surveys statewide.
- Legislative approval to return 30 percent of prevailing wage fees back to the program (moved to the General Fund in 2002). Returned funding available to L&I starting July 1, 2007.
- Added a bilingual prevailing wage agent to help Spanish-speaking customers.

→ What's next?

- Develop outreach and education about prevailing wage for businesses and public agencies that award prevailing wage contracts. Part of the focus will be on increasing business participation in wage surveys, which will help to make the surveys more accurate.
- Research a possible pilot project to develop an electronic wage survey that will make it easier for businesses to send information about their wages.